



Before the  
FEDERAL COMMUNICATIONS COMMISSION  
Washington, D.C. 20554

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SEP 27 2001

FEDERAL COMMUNICATIONS COMMISSION  
OFFICE OF THE SECRETARY

In the Matter of	)	
Petition of WorldCom, Inc. Pursuant	)	
to Section 252(e)(5) of the	)	
Communications Act for Expedited	)	
Preemption of the Jurisdiction of the	)	CC Docket No. 00-218
Virginia State Corporation Commission	)	
Regarding Interconnection Disputes	)	
with Verizon Virginia Inc., and for	)	
Expedited Arbitration	)	
	)	
In the Matter of	)	CC Docket No. 00-249
Petition of Cox Virginia Telecom, Inc., etc	)	
	)	
In the Matter of	)	
Petition of AT&T Communications of	)	
Virginia Inc., etc	)	CC Docket No. 00-249
	)	

**VERIZON VA'S REBUTTAL TESTIMONY ON MEDIATION ISSUES  
(CATEGORIES I AND III THROUGH VII)**

**PRICING TERMS AND CONDITIONS**

- CHRISTOS T. ANTONIOU
- MICHAEL A. DALY
- STEVEN J. PITTERLE

SEPTEMBER 5, 2001

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1                                   **I. INTRODUCTION AND OVERVIEW**

2   **Q.    ARE YOU THE SAME PANEL THAT OFFERED DIRECT AND**  
3           **REBUTTAL TESTIMONY ON NON-MEDIATION ISSUES AND DIRECT**  
4           **TESTIMONY ON THE MEDIATION PRICING TERMS AND**  
5           **CONDITIONS ISSUES?**

6   **A.    Yes. The education and background of the Pricing Terms and Conditions Panel**  
7           **members were described both in the Direct Testimony on non-mediation Pricing**  
8           **Terms and Conditions issues and the Direct Testimony on Pricing Terms and**  
9           **Conditions mediation issues.**

10  
11 **Q.    WHAT IS THE PURPOSE OF YOUR REBUTTAL TESTIMONY IN THIS**  
12 **PROCEEDING?**

13 **A.    This rebuttal testimony responds to testimony relating to the potential interplay**  
14 **between the interconnection agreement and any tariffs that Verizon VA may file**  
15 **with the Virginia Commission in the future (Issue Nos. III-18, IV-30, IV-32, IV-**  
16 **36, and VII-23 through VII-25).**

17  
18           **II. INTERPLAY OF TARIFFS AND INTERCONNECTION AGREEMENTS**  
19           **(Issue Nos. III-18, IV-30, IV-32, IV-36, IV-85 and VII-23 through VII-25)**

20 **Q.    WHAT IS THE EFFECT OF AT&T'S AND WORLDCOM'S REFUSAL**  
21 **TO RECOGNIZE THE APPROPRIATE LEGAL EFFECT OF A TARIFF**  
22 **EITHER APPROVED OR EFFECTIVE IN ACCORDANCE WITH**  
23 **APPLICABLE LAW?**

1 A. Although AT&T and WorldCom claim that they need to achieve some measure of  
2 certainty through their interconnection agreements, what they really attempt to  
3 preserve is an arbitrage opportunity. AT&T and WorldCom hope to preserve a  
4 "best of both worlds" arrangement so that they can always choose the more  
5 favorable rates or terms of (i) their interconnection agreement or (ii) the  
6 applicable tariff on a case by case basis. While AT&T and WorldCom attempt to  
7 lock Verizon VA into rates and terms that for, a variety of reasons, should be  
8 updated in accordance with applicable law, they would not likewise be bound by  
9 the same contractual rates (i.e., under their logic, they could choose lower contract  
10 rates for a service even though higher rates have been approved or otherwise  
11 allowed to become legally effective by the appropriate commission, while at the  
12 same time they could purchase another service -- at rates lower than those set in  
13 the contract -- via rates that have been approved or otherwise allowed to become  
14 legally effective by the appropriate commission). Verizon VA's proposal ensures  
15 that all carriers -- including but not limited to AT&T, WorldCom, and Verizon  
16 VA -- receive services at rates, terms, and conditions that are fair and non-  
17 discriminatory.

18  
19 **Q. ARE AT&T'S AND WORLDCOM'S CONCERNS ABOUT THE TARIFF**  
20 **FILING PROCESS JUSTIFIED?**

21 A. They are not. First of all, Verizon VA only infrequently files proposed  
22 collocation tariff revisions, and does not have a resale tariff, or an interconnection  
23 or UNE tariff. In the few states where a Verizon company has resale,

1 interconnection, or UNE tariffs, Verizon again only infrequently files proposed  
2 tariff changes -- to give effect to a change in law or to introduce new service or  
3 offering, etc. Thus, CLECs do not have many tariff filings to review and, as such,  
4 there is no undue administrative burden on them to review these filings (i.e., they  
5 do not need to be the "tariff police"). And for the few tariff filings that Verizon  
6 VA may make, despite AT&T's and WorldCom's rhetoric, Verizon VA's tariff  
7 filings receive significant attention and scrutiny by the appropriate commission  
8 and by numerous and various CLECs, including WorldCom and AT&T. This is  
9 especially true if and when Verizon VA might seek to change applicable rates.  
10 WorldCom witnesses Trofimuk's and Harthun's concern that Verizon VA's tariff  
11 could become inconsistent with the Telecommunications Act of 1996 ("Act") is a  
12 red herring. A commission would either approve or allow a tariff filing to go into  
13 effect under the standards of applicable law, including the applicable provisions  
14 of the Act. There is absolutely no basis to assume that a commission would  
15 approve a tariff in violation of the Act. The bottom line is that if Verizon VA's  
16 tariff is approved or allowed to go into effect pursuant to applicable law, then it  
17 should be "effective" for all carriers on a fair and non-discriminatory basis. It is  
18 AT&T and WorldCom that should not be allowed to avoid changes in applicable  
19 law that they do not like. In addition, and consistent with the New York Public  
20 Service Commission's recent order in the AT&T/Verizon NY, Inc. arbitration  
21 (cited in the Panel's Direct Testimony), a state commission, as a general rule,  
22 should not have to expend precious resources relitigating on a contract by contract  
23 basis, issues that it already has decided in a global proceeding. To the extent that

1 a CLEC wishes Verizon VA to change the terms of a commission-approved and  
2 legally effective tariff, but Verizon VA does not agree to the subject change, the  
3 CLEC is always free to file a complaint challenging the tariff or its application.

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5 **Q DOES THIS CONCLUDE YOUR TESTIMONY?**

6 A. Yes, it does.

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**Declaration of Christos T. Antoniou**

I declare under penalty of perjury that I have reviewed the foregoing testimony and confirmed that it is true and correct.

Executed this 5<sup>th</sup> day of September, 2001.

//ss//Christos T. Antoniou  
Christos T. Antoniou

**Declaration of Michael A. Daly**

I declare under penalty of perjury that I have reviewed the foregoing panel testimony and that those sections as to which I testified are true and correct.

Executed this 5<sup>th</sup> day of September, 2001.

//ss//Michael A. Daly

Michael A. Daly

**Declaration of Steven J. Pitterle**

I declare under penalty of perjury that I have reviewed the foregoing panel testimony and that those sections as to which I testified are true and correct.

Executed this 5<sup>th</sup> day of September, 2001.

//ss//Steven J. Pitterle

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**MISCELLANEOUS ISSUES**

- CHRISTOS T. ANTONIOU
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1 **I. INTRODUCTION AND OVERVIEW**

2 **Q. ARE YOU THE SAME PANEL THAT OFFERED DIRECT TESTIMONY**  
3 **ON THE MEDIATION MISCELLANEOUS ISSUES?**

4 A. Yes. The education and background of the Miscellaneous Panel members were  
5 described in the Direct Testimony on mediation miscellaneous issues.

6  
7 **Q. WHAT IS THE PURPOSE OF YOUR REBUTTAL TESTIMONY IN THIS**  
8 **PROCEEDING?**

9 A. This rebuttal testimony addresses two miscellaneous mediation issues:

- 10 • Issue VI-1(Y)--Alternate Billed Calls  
11 • Issue VI-1(AA)--Information Services Traffic

12 On each of these issues, we respond to the testimony of WorldCom witness  
13 Argenbright relating to these issues.

14  
15 **Q. THERE ARE MORE THAN TWO MISCELLANEOUS ISSUES. HOW**  
16 **ARE THE REST BEING HANDLED?**

17 A. We are addressing Issue V-15--Sales of Exchanges in our General Terms and  
18 Conditions testimony in conjunction with Issue VII-17--Transfer of Telephone  
19 Operations. The remaining miscellaneous issues--VII-23, VII-24, and VII-25--are  
20 being addressed by the Pricing Terms and Conditions Panel.

21  
22 **II. ALTERNATE BILLED CALLS (Issue VI-1(Y)) and INFORMATION**  
23 **SERVICES TRAFFIC (Issue VI-1(AA))**

24 **Q. WHAT IS THE MAIN DISPUTE BETWEEN VERIZON VA AND**  
25 **WORLD COM WITH RESPECT TO BOTH THE ALTERNATE BILLED**

1           **CALLS (VI-1(Y)) AND INFORMATION SERVICES TRAFFIC (VI-1(AA))**  
2           **ISSUES?**

3       A.     The main dispute between Verizon VA and WorldCom in both instances appears  
4           to relate to the question of which carrier must bear the financial risk that the  
5           appropriate charges to the WorldCom local end-user will be uncollected. In this  
6           circumstance (*i.e.* in which WorldCom has the relationship with the end-user  
7           rather than Verizon VA), it is appropriate for WorldCom to bear the financial risk  
8           of the uncollectable charges incurred by WorldCom's end-user. The whole  
9           premise of WorldCom's argument that Verizon should be in the middle of a  
10          relationship between WorldCom's end-user and another provider is its false  
11          assumption that Verizon has voluntarily contracted with other providers. This is  
12          not necessarily the case.

13  
14       **Q.     PLEASE EXPLAIN WHY IT IS NOT FAIR TO REQUIRE VERIZON VA**  
15           **TO CONTINUE TO BEAR THE RISK OF UNCOLLECTABLE REVENUE**  
16           **FROM A WORLDCOM END-USER?**

17       A.     As explained in this Panel's Direct Testimony, the extent to which this is an issue  
18           will vary from state to state depending on the services offered or allowed in that  
19           state. Nevertheless, to the extent that a Verizon company has performed a billing  
20           and collection function for third party providers, it usually has done so as a result  
21           of terms required by a state commission in a Verizon company's tariff. Although  
22           WorldCom witness Argenbright, page 45, complains that it would not be proper  
23           or fair for Verizon to "force WorldCom to guarantee that the end-users will render

1 payment," it is less proper or fair to expect Verizon to guaranty payments by  
2 WorldCom's end users when it no longer has the relationship with the end-user.  
3 Generally, to balance the risk of the uncollectable charges, state commissions  
4 provide the manner and means by which the service provider can terminate or  
5 block services to end-users. The requirements to terminate or block services to  
6 end-users are not yet tailored to an environment in which a variety of competitors  
7 may serve the end-user. The lack of this appropriately tailored remedy, coupled  
8 with the fact that Verizon no longer has any relationship with the end-user, leaves  
9 Verizon left with inadequate protections against a WorldCom end-user who may  
10 choose to use the line it purchases from WorldCom to access the services of third  
11 parties. Because Verizon did not voluntarily undertake a billing and collection  
12 arrangement with all third parties and because WorldCom has the ability to  
13 structure its relationship with the end-user to protect against that end-user's failure  
14 to pay charges arising out of the end-user's use of the line, it is WorldCom that  
15 should bear this risk and not Verizon.

16  
17 **Q. DO YOU HAVE ANY RESPONSE TO WORLDCOM'S TESTIMONY**  
18 **SUGGESTING THAT CERTAIN TRAFFIC BE EXEMPTED FROM**  
19 **RECIPROCAL COMPENSATION OBLIGATIONS?**

20 **A.** No. WorldCom seems to interject a new issue when it discusses the reciprocal  
21 compensation scheme for what it calls "oddball codes." Moreover, this Panel  
22 does not address reciprocal compensation obligations. Rather, such an issue is  
23 more appropriately addressed by the Intercarrier Compensation Panel, which

generally has discussed the appropriate reciprocal compensation obligations in light of the Commission's *ISP Remand Order* as well as WorldCom's suggestion that NPA-NXXs should be used to determine the applicable compensation scheme.

**Q. DOES THIS CONCLUDE YOUR TESTIMONY?**

A. Yes.

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